

## Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment G-1: Offeror Qualification

**Offeror must meet this requirement in order to have proposal evaluated.**

Minimum Requirements		Offeror's Response
		Yes/No
1	Three years experience in administering Flexible Spending Accounts for more than 5,000 participants.	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name:

Authorized Representative:

Signature and Date

Witness:

Signature and Date

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**The State of Maryland hereinafter referred to as "The State".**

## Attachment G-2: Introduction

### BACKGROUND AND ADMINISTRATIVE INFORMATION

#### Introduction

The State is seeking proposals from qualified organizations to provide Flexible Spending Account Administration for eligible Participants of the State's FSA plans beginning July 01, 2005.

#### Description of Flexible Spending Account Administration Plan

Summaries of the current FSA plans are provided in the "**Plan Design**" worksheet, Attachment G-5.

Offerors must clearly and explicitly delineate any deviations between the coverage they are quoting on and the State's plan design as contained in this RFP. Otherwise, the Offeror's submission of a proposal will be considered the Offeror's agreement to provide all proposed plan provisions, as specified in this RFP.

**WARNING:** Exceptions to plan design may result in having the proposal deemed unacceptable or classified as not reasonably susceptible of being selected for award.

#### Enrollment and Coverage Effective Dates

Eligible persons must elect or waive benefits during an annual open enrollment period. There are no pre-existing condition exclusions during open enrollment. New employees must elect or waive coverage within 60 days of hire. Participation is on a prospective basis only beginning with the first day of the first pay period for which a deduction is taken. For example, a deduction taken on July 5, 2005 will provide coverage for July 1, 2005 through July 15, 2005. No retroactive adjustments are permitted or covered.

Enrollment elections may not be changed until the next open enrollment period, unless provided by state regulation or applicable federal law, for example, HIPAA or IRS code section 125.

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## Attachment G-3: Plan Information

### I. GENERAL PLAN INFORMATION

Please provide the following information:

1.	Administrator Name	
2.	Address	
3.	City	
4.	State	
5.	Zip	
6.	Web Address	
7.	Operational Date	
8.	Corporate Tax Status	
9.	Federal Employer Identification Number	
10.	Ownership/Controlling Interest	
11.	Number of Locations	
12.	Number of Employees	
13.	Most recent Moody's claims payment rating	
14.	Most recent Standard & Poor claims payment rating	
15.	Brief company history	
16.	Information about the growth of your organization on a national level (Please be brief)	
17.	Years administering flexible spending accounts	
18.	Number of clients/accounts/covered lives currently administered	
19.	Number of additional clients expected next year	
20.	Type and amount of Fidelity/surety, general liability, errors/omissions, bond insurance or coverage carried (please provide a copy of all such policies or certificates of coverage)	

### II. PLAN DESIGN

Adhere to the proposed plan designs shown in the worksheet, "**Attachment G-5: Plan Design**" in preparing the quote and administering the FSAs during the contract term.

	Select Response
1. The proposal is issued in accordance with the specifications, assumptions and information included in this Request for Proposal, the accompanying worksheets and standard services addressed in the Information Questionnaire. If "No", indicate deviations in " <b>Attachment G-4: Explanation</b> " worksheet.	

#### Plan Design

To record your response: click on the cell in Column F; click on the down arrow which appears directly to the right of the cell; then click on the appropriate response.

	Select Response
2. Review and detail deviations from the proposed plan design shown in the worksheet, " <b>Attachment G-5: Plan Design</b> ".	

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## Attachment G-3: Plan Information

### III. ADMINISTRATIVE AND OPERATIONAL ISSUES

#### Services

1. Provide addresses for the following activities:

Corporate/Firm Management	Location	City	State
Claims Office	Location	City	State
Customer Service Office	Location	City	State
Account Management/ Client Services	Location	City	State

2. List the location(s) of your service centers (separately identify claims processing centers and customer service centers if in different locations) that would be servicing the State's members. Use the "**Attachment G-4: Explanation**" worksheet if you need more space.

Service Center Location(s)	Number of Years in Operation	Annual Claims Volume	Number of Claims Per Processor

3. Claim Turnaround Time (In Number of Days Based on the Number of Business Days from Receipt)  
\*As used in this RFP, 'claim' is equivalent to 'reimbursement request'

	Expected Turnaround Time	Actual Turnaround Time	Percentage of All Claims Processed
<b>Clean Claims</b>			
- Paper Claims			
- Electronic Claims			
<b>Ineligible Claims</b>			
- Paper Claims			
- Electronic Claims			

4. Standard Turnaround Time In Business Days to Process Reimbursement:

	Inside State of Maryland	Outside State of Maryland
During Peak Reimbursement Period		
Within last 12 Months		

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5.	<b>Staffing</b>	<b>Number of Supervisors</b>	<b>Number of Support Staff</b>
	Claims Management		
	Customer Services		
	Processors		
	Other (Please Describe)		

6.	<b>Turnover and Employee Vacancy</b>		
	<b>Type of Service:</b>	<b>Customer Service</b>	<b>Claims Management</b>
	Number of Full Time Employees		
	Number of Part Time Employees		
	Average Years of Experience		
	Turnover during 2004		
	Number of Employees that terminated in 2004		
	Vacancies on 12/31/2003		
	Vacancies on 11/30/2004		

7.	<b>Staff that will be dedicated to the State of Maryland</b>		
	<b>Type of Service:</b>	<b>Customer Service</b>	<b>Claims Management</b>
	Number of Full Time Employees		
	Number of Part Time Employees		
	Average Years of Experience		
	Number of New Employees to be Hired		

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## Attachment G-3: Plan Information

8.	<b>Work Volume</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>Health Care FSAs</b>			
	Provide the total dollar volume of your business providing HCFA plans for the past three years			
	Provide the total number of claims for HCFA benefits paid by your company for the past three years			
	<b>Dependent Care FSAs</b>			
	Provide the total dollar volume of your business providing DCFA plans for the past three years			
	Provide the total number of claims for DCFA benefits paid by your company for the past three years			

9.	<b>Based on total claims in Calendar Year 2004, provide:</b>		
	<b>Number of Claims</b>	<b>% Dollar Accuracy</b>	<b>% Error Frequency</b>
	Valid Claims		
	Ineligible Claims		

10.	<b>What Percentage of Your Business would this contract represent?</b>	
	<b>Membership</b>	<b>Percentage</b>
	Dollar Volume	
	Claims Paid	

	<b>Other</b>	<b>Select Response</b>
11.	Please attach a copy of a plan experience report that would be provided to the State at the end of each quarter and the end of each year. Label as Response Attachment G-13 Plan Experience Reporting Package.	
12.	Provide samples of all standard reports. Label as Response Attachment G-14 Management Reporting Package.	
13.	Are reports available electronically?	

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## Attachment G-3: Plan Information

14.	The State may require modification or creation of new reports, supply the report package you recommend. Label as Response Attachment G-14 Management Reporting Package.	
15.	Provide copies of your company's Annual Reports for the last three years. Label as Response Attachment G-15 Annual Reports.	
16.	Provide copies of Financial Statements for your company. Refer to RFP Section 1.20. All statements must be prepared in accordance with Generally Accepted Accounting Principals. Label as Response Attachment G-16 Financial Statements.	
17.	Provide copies of Financial Statements showing any ownership interest your company has in any business that provides a service or product related to flexible spending accounts. Label as Response Attachment G-16 Financial Statements.	
18.	Provide sample copies of all forms, including reimbursement request forms, and a sample copy of your Explanation of Benefits (EOB) information that will be used by, or sent to, plan participants. Include forms and label as Response Attachment G-17 Plan Forms.	
19.	Provide samples of communication materials (including any electronic media) to be distributed by the vendor to all members informing them of changes in the administration of the State flexible spending account plans including, but not limited to, procedures for obtaining reimbursement, claim forms, reimbursement checks, and address changes. Label as Response Attachment G-18	
20.	Provide a draft plan description to be included in the Open Enrollment booklet detailing the procedures to be used by eligible members to obtain reimbursement for covered services. Label as Response Attachment G-19 Draft Plan Description.	
21.	Provide sample copies of your quality assurance plan, surveys and reports. Label as Response Attachment G-20 Quality Assurance.	
22.	Provide a detailed implementation plan that demonstrates the offeror's capability for implementing and managing the services required, including data information services for enrollment. Provide the plans in the Worksheet labeled "Implementation."	
23.	Provide a detailed management plan that demonstrates the offeror's capability to manage the services required, including information services for enrollment. Provide the plans in Worksheet labeled "Acct Manage."	
24.	Describe the benefits that will accrue to the Maryland economy as a direct or indirect result of your performance of this contract, refer to RFP Section 4.4.4. Provide the explanation in the Worksheet "MD Benefits."	

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## Attachment G-3: Plan Information

### IV. LEGAL/CONTRACTUAL CONSIDERATIONS

Please refer to Attachment A for standard contract.

To record your response: click on the cell in Column F; click on the down arrow which appears directly to the right of the cell; then click on the appropriate response.

	Select Response
1. Provide information concerning litigation experience during the past three years, including pending cases, awards, and settlements (both in and out of court) in the "Attachment G-4: Explanation" worksheet.	
2. Offeror has disclosed their appeals protocols as well as actual response time statistics for the most recent year. Label as Response Attachment G-21 Appeals Protocols in your proposal.	



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## Attachment G-3: Plan Information

### V. OTHER INFORMATION

Please attach the following information and label as specified:

1. Please provide three of your employer client **references** of similar size.

Information	Reference #1	Reference #2	Reference #3
Company Name			
Contact Person			
Title			
Telephone #			
Fax Phone #			
E-mail Address			
FSA Members Enrolled			

2. Please provide three of your terminated employer client **references** of similar size.

Information	Reference #1	Reference #2	Reference #3
Company Name			
Contact Person			
Title			
Telephone #			
Fax Phone #			
E-mail Address			
FSA Members Enrolled			

3. Please provide your three largest employer client **references**.

Information	Reference #1	Reference #2	Reference #3
Company Name			
Contact Person			
Title			
Telephone #			
Fax Phone #			
E-mail Address			
FSA Members Enrolled			

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## Attachment G-3: Plan Information

### VI. CONTACTS

Please indicate whom may be contacted should there be any questions concerning submitted responses.

1.	Name	
2.	Title	
3.	Address	
4.	City	
5.	State	
6.	Zip	
7.	Telephone #	
8.	Fax Phone #	
9.	Cell Phone #	
10.	E-mail Address	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date

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## Attachment G-4: Explanation

Use this worksheet to provide additional explanation for any questions for which a "no" response was given.

Explanations must be numbered to correspond to the question to which it pertains.

Please do not exceed 1,024 characters per line; if your response is longer than 1,024 characters, use multiple lines.

**Most importantly, keep all explanations brief.**

[illegible]

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## **Attachment G-4: Explanation**

[illegible]

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## Attachment G-5: Current FSA Plan Design

Offeror should fill out the 'Deviations from Plan Design' column, if there are any deviations.

Health Care FSA	Minimum	Maximum
Annual Limits	\$120	\$3,000
The entire election amount for the plan year shall be available to the participant from the first day of the plan year, regardless of the amount actually contributed to the HCFA through year-to-date salary reduction.		
Any amount remaining in the account at the end of plan year and after the processing of all claims for such plan year are forfeited by the participant and credited to the State.		
Reimbursements shall be made for all medical expenses authorized for reimbursement pursuant to Code Section 105(b), including over-the-counter drugs as provided in Revenue Ruling 2003-102.		
Reimbursements shall be made directly to the covered employee		
The Participant must provide certification that the medical expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the health care flexible spending account, such amount will not be claimed as a tax deduction. A Participant must provide an explanation of benefits from the health plan in which the participant is enrolled denying the claim submitted for reimbursement.		

### Deviations from Plan Design


Dependent Care FSA	Minimum	Maximum
Annual Limits	\$120	\$5,000
Notwithstanding the Plan Year in which a reimbursement for eligible employment-related dependent care expenses is made, the total reimbursements to an Employee in any <b>calendar year</b> shall not exceed the lesser of:		
(i) the Participant's earned income, as defined in Section 129(e)(2) of the Code;		
(ii) the actual or deemed earned income of the Participant's spouse, or		
(iii) the maximum amount permitted under Code Section 129(a)(2)(A) (\$5,000 or \$2500 if married filing separately)		
The Offeror shall request a certification from each covered employee that the limit on contributions has not been exceeded by the covered employee in making the salary reduction election.		
Any amount remaining in the account at the end of plan year and after the processing of all claims for such plan year are forfeited by the participant and credited to the State.		
Reimbursements shall be made for all dependent care expenses authorized for reimbursement pursuant to IRS Code Sections 129 and 125		
Reimbursements shall be made directly to the Participant.		
The Offeror, in order to establish that a reimbursement is permitted, may require additional information from each Participant who desires reimbursement under this account. Such information may include but is not limited to:		
(i) the dependent(s) for whom services were performed,		
(ii) the nature of the services performed and the cost,		
(iii) the relationship, if any, of the person performing the services to the covered Employee, and		
(iv) if the services were performed in a day care center, a statement that the day care center complies with all applicable laws and regulations of the state of residence.		
All amounts reimbursed to the Participant shall be paid from amounts allocated to the Participant's dependent care flexible spending account, with no reimbursement being made until sufficient funds to cover the reimbursement are available in the account.		

### Deviations from Plan Design


**Grace Filing Period - 115 days past the last day of the plan year**  
**Quarterly Statements**

### Deviations from Plan Design


FSA Participation	Active Employees	Satellite	Direct Pay
Health Care FSA	5,098	64	0
Dependent Care FSA	1,246	17	0

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## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response
Customer Service Orientation		Yes or No
CC-1	Offeror agrees to permit employees and their eligible dependents to receive reimbursement for eligible health care and dependent care expenses and issue explanation of benefits detail with reimbursement payments and provide employee notification of account balances quarterly and at year end.	
CC-2	Offeror agrees to establish and provide a state-of-the-art customer service operation (including a toll-free line) that is available to plan Participants (both in-state and out-of state) from at least 8:00 a.m. to 8:00 p.m. Local Time, Monday through Friday, except on State-observed holidays.	
CC-3	This toll-free customer service line will be supported by live representatives during the hours stated above and by an automated voice-response system 24 hours a day, seven days a week. Participants (both in-state and out-of state) can access this system directly to request and review authorizations and other pertinent data. This operation should comply with Performance Standard #1, in "Attachment G-12: Performance Guarantees".	
CC-4	Offeror agrees to accurately convert State data files, including the State master enrollment file and any other relevant files to the Offeror's data system.	
CC-5	The member services operation must include:	
	a.) Qualified staff available to answer questions on plan eligibility, plan guidelines, benefit levels, and reimbursement request procedures and status of reimbursement requests.	
	b.) The ability to maintain an eligibility file that identifies eligible Participants as well as certain other pertinent information regarding Participants.	
	c.) A system for providing Explanations Of Benefits to eligible Participants together with proper reimbursement amounts.	
	d.) Adequate access to the customer service system for individuals with disabilities. (TTY and online access for deaf, full-service phone access for blind)	
CC-6	Offeror agrees to offer support services for the 2005 Open Enrollment period (for the plan year beginning July 1, 2005) and all subsequent open enrollments during the contract term. Offeror will provide services in accordance with Performance Standard #3, in "Attachment G-12: Performance Guarantees".	
CC-7	Offeror will provide representatives to attend Benefit Fairs, who will be trained on the State-specific FSA plans to promote flexible spending accounts, in accordance with Performance Standard #3, in "Attachment G-12: Performance Guarantees".	
CC-8	Offeror agrees to provide advance notice of non-attendance at any benefits fair.	
CC-9	If requested, design, submit for the State's approval, and print forms with the State's logo for reimbursement requests, where required.	
Reimbursement		
CC-10	Offeror agrees to provide Participant support services for educating employees as to benefits of the HCFSFA plan and their respective responsibilities.	
CC-11	Offeror agrees to provide Participant support services for educating employees as to benefits of the DCFSFA plan and their respective responsibilities.	
CC-12	Offeror agrees to provide on-line access for participants in the plan.	
CC-13	Offeror agrees to provide accounting for deposits and disbursements from each employee's account. The State will review and approve the form of communications provided to State Participants for this purpose.	
CC-14	Offeror agrees to pay eligible claims reimbursements to participants in accordance with the plan description and limits of applicable law.	

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## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response Yes or No
CC-15	For each request for reimbursement in the HC FSA and the DC FSA, Offeror agrees to retain a file of all such applications filed by each participant, with a record of whether the request for reimbursement was approved or denied, the amount of such reimbursement, the means of making the reimbursement (electronic transfer, check, etc.), and confirmation, if any, of the receipt of the reimbursement.	
CC-16	With regard to the HC FSA, Offeror agrees to provide directions for submitting requests for reimbursements for inclusion in the annual open enrollment materials and made available by the Offeror on its website. The directions shall include: the deadline for submitting requests, a description of the necessary written documentation from an independent third party stating that the medical expense has been incurred and the amount of such expense, a description of the written documentation or certification by the covered employee that the medical expense has not been reimbursed or is not reimbursable under any other health plan coverage and, if reimbursed from the health care flexible spending account, such amount will not be claimed as a tax deduction.	
CC-17	With regard to the DC FSA, Offeror agrees to provide directions for submitting requests for reimbursements for inclusion in the annual open enrollment materials and made available by the Offeror on its website. The directions shall include: the deadline for submitting requests, a description of the necessary written documentation from an independent third party stating that the dependent care expense has been incurred and the amount of such expense.	
<b>Audits</b>		
CC-18	Offeror agrees to provide the State or its designated representative the right to audit the performance of the plan and services provided. Offeror will make available all services, records and access to the auditors at no extra charge. Offeror will be given 2 months written advance notice of an impending audit. The State or its designated representative will audit claims and operations at least once annually.	
CC-19	Offeror agrees to maintain reconciliations between Offeror files and State files.	
<b>HIPAA</b>		
CC-20	In connection with the HC FSA, Offeror agrees to comply with HIPAA security regulations, 45 CFR Part 164, subpart C, including the following:	
	a.) Offeror agrees to develop and implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that the Offeror creates, receives, maintains or transmits in the Offeror's administration of the health FSA plan, as required by the HIPAA security standards.	
	b.) Offeror agrees to develop and implement policies and procedures to comply with the HIPAA security standards.	
	c.) Offeror agrees to maintain documentation of the policies and procedures and safeguards implemented to comply with the HIPAA security standards.	
	d.) Offeror agrees to ensure that any agent, including a subcontractor, to whom the Offeror provides electronic PHI agrees to implement reasonable and appropriate safeguards.	
	e.) Offeror agrees to report to the State any security incident of which the Offeror becomes aware during the term of the Contract and any mitigation or remedial plans to address such security incidents.	
	f.) Offeror agrees to make the Offeror's policies and procedures, and its documentation required by the HIPAA security standards, available to the Department of Health and Human Services for purposes of determining if the health FSA plan complies with the HIPAA security standards.	

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## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response Yes or No
CC-21	In connection with the HC FSA, Offeror agrees to comply with HIPAA privacy standards, 45 CFR Parts 160 and 164, subpart C, including the following:	
	a.) Offeror shall not use or disclose PHI except to fulfill the requirements of this RFP and the contract.	
	b.) Offeror shall implement and use appropriate and reasonable administrative, physical and technical safeguards to prevent Use or Disclosure of PHI other than (1) as provided in this RFP and the contract, (2) permitted by the HIPAA Privacy Regulation for a Covered Entity, and (3) permitted by the Medical Records Act. In the event that the HIPAA Privacy Regulation and the Medical Records Act conflict regarding the degree of protection provided for PHI, the Offeror shall comply with the more restrictive protection requirements.	
	c.) Offeror shall report to the State any Use or Disclosure of PHI that is not permitted within 10 days of when the Offeror becomes aware of such Use and Disclosure.	
	d.) Offeror shall use reasonable efforts to mitigate the effect of any Use or Disclosure of PHI known to Offeror that is not permitted.	
	e.) Offeror shall comply with the administrative requirements of 45 CFR § 164.530 as if the Offeror were the Covered Entity in relation to the health FSA plan.	
	f.) Offeror shall ensure that any agents, including subcontractors, to whom it provides PHI agree in writing to the same restrictions and conditions that apply to the Offeror with respect to such PHI.	
	g.) Offeror shall provide a Notice of Privacy Practices to all individuals enrolled in the health FSA plan in compliance with 45 CFR §164.520 as if the Offeror were the Covered Entity with regard to the health FSA plan. (1) This Notice of Privacy Practices shall comply with the requirements of 45 CFR §164.520 as if the Offeror were the Covered Entity with regard to the health FSA plan. (2) A copy of this Notice of Privacy Practices shall be provided to the State with certification that the notice has been provided to the Participants.	
	h.) Offeror shall permit an individual enrolled in the health FSA plan to request restricted Uses and Disclosures of PHI related to that individual in accordance with 45 CFR §164.522(a)(1)(i). The Offeror shall comply with 45 CFR §164.522(a)(1)(iii)-(iv) in the event that a request for restricted Uses and Disclosures is granted as if the Offeror were the Covered Entity with regard to the health FSA plan. The Offeror may refuse such request to restrict Uses and Disclosures or terminate a restriction on Uses and Disclosures provided that the Offeror complies with the provisions of 45 CFR §164.122(a)(1)(ii) and §164.522(a)(2)-(3) as if the Offeror were the Covered Entity with regard to the health FSA plan.	
	i.) Offeror shall accommodate reasonable requests by individuals enrolled in the health FSA plan or by the State on behalf of such individuals to receive confidential communications in compliance with 45 CFR §164.522(b)(ii) as if the Offeror were the Covered Entity with regard to the health FSA plan. The Offeror may condition providing confidential communications as permitted by 45 CFR §164.522(b)(2).	
	j.) Offeror shall maintain PHI in a Designated Record Set and make available to an individual the PHI relating to that individual in compliance with 45 CFR §164.524 as if the Offeror were the Covered Entity with regard to the health FSA plan.	
	k.) Offeror shall make available for amendment and amend PHI at the request of the State or the individual to whom the PHI relates in compliance with 45 CFR §164.526 as if the Offeror were the Covered Entity with regard to the health FSA plan.	
	l.) Offeror shall document and track Disclosures and provide an accounting of Disclosures of PHI to the individual about whom it relates in compliance with 45 CFR §165.528 as if the Offeror were the Covered Entity with regard to the health FSA plan.	



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### Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response Yes or No
	m.) Offeror shall make internal practices, books and records, including privacy and confidentiality policies and procedures and PHI, available to the State and the Federal Department of Health and Human Services, for purposes of determining whether the State is compliant with the HIPAA Privacy Regulation in the administration of the health FSA plan.	
	n.) Upon termination of the Contract, for any reason, the Offeror shall maintain all records created under the Contract as required by the Contract and shall extend the protections of the HIPAA privacy standards to the PHI contained in those records for so long as the Offeror maintains the PHI. All such records containing PHI shall be destroyed at the expiration of the record retention period required by the Contract or, if retained by the Offeror, protected, used and disclosed only in accordance with this RFP and the Contract.	
	o.) Offeror shall provide a certification to the State that the Offeror's HIPAA Privacy Standards obligations have been met, to occur no more frequently than quarterly, upon the State's request for certification.	
	p.) Offeror shall disclose PHI to the State and to the State's agents for the State's use in treatment, payment and health care operations related to the health plan, and the State's other related health FSA plans.	
	q.) Offeror may Use and Disclose PHI in order to provide the services required by the Offeror in the administration of the health FSA plan provided that (a) such Use and Disclosure complies with the HIPAA Privacy Regulation as if the Offeror were the Covered Entity with regard to the health FSA plan, (b) such Use or Disclosure is permitted by the Medical Records Act, and (c) such Use or Disclosure is consistent with the Offeror's notice of privacy practices. In the event that a HIPAA Privacy Regulation and the Medical Records Act conflict regarding the degree of protection provided for PHI, the Offeror shall comply with the more restrictive protection requirement.	
	r.) Offeror may Disclose PHI as required by law in compliance with 45 CFR §164.512.	
	s.) Offeror may Use and Disclose PHI to conduct data aggregation services as permitted by 45 CFR §164.501 and §164.504(e)(2)(i)(B).	
	t.) Offeror may Use and Disclose PHI for the proper management and administration of the Offeror or to carry out its legal responsibilities as permitted by 45 CFR §164.504(e)(4), provided that: (a) such Uses and Disclosures would be permitted by the HIPAA Privacy Regulation if the Offeror were a Covered Entity regulated by the HIPAA Privacy Regulation and (b) the Offeror obtains reasonable written assurances from the person, agency, or entity to which such Disclosures are made that all PHI will remain confidential and be Used or Disclosed further only as required by law, for the purposes of Disclosure by the Offeror, and the person, agent or entity notifies the Offeror of any instances in which the confidentiality of the PHI has been breached.	
	u.) Offeror may Use or Disclose PHI to report violations of the law to appropriate State and federal authorities consistent with 45 CFR §164.502(j).	
	v.) Offeror may Disclose PHI in response to an authorization executed by the individual who is the subject of the PHI or that's individual's personal representative in accordance with 45 CFR §502(g) and 45 CFR §164.508.	
CC-22	Offeror confirms that its proposal, and plan design offered, is in compliance with all federal and state laws and regulations that pertain to Health Care and Dependent Care FSAs.	
CC-23	Offeror understands, has the necessary systems capability and complies with HIPAA's administrative simplification standards related to electronic data interchange (EDI) .	
CC-24	Offeror requires any agents/subcontractors it brings onto the project(s) covered by this RFP to comply with the HIPAA standards for EDI.	
CC-25	Offeror will accept enrollment and eligibility information electronically transmitted by the State in the format chosen by the State.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term. All "No" responses must be addressed in the explanation document (Attachment G-4).

## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response
Special Provisions		Yes or No
CC-26	Offeror will provide at least 6 months notice of any major planned systems upgrades or changes (to include claims, customer service, eligibility, corporate operating system).	
CC-27	Offeror agrees to retain records in excess of the period required by the Contract, if required by State and Federal regulations for health plans and FSAs.	
CC-28	Offeror agrees to provide necessary legal defense in the event of litigation.	
CC-29	Offeror agrees to cover all costs associated with legal defense in the event of litigation.	
CC-30	In the event of a change in mid-year change in vendors, at the termination or expiration of this contract, the Offeror agrees to be responsible for processing reimbursement requests submitted up to the termination or expiration date following the end of the contract term.	
CC-31	In the event of expiration of this contract, at the termination or expiration of this contract, the Offeror agrees to be responsible for processing reimbursement requests submitted up to the termination or expiration date following the end of the contract term.	
CC-32	Offeror agrees that, upon contract termination or expiration, the cost of any work required by a new administrator to bring records in unsatisfactory condition up to date shall be the obligation of its firm and such expenses shall be reimbursed by its firm within three (3) months of the end of the contract term.	
CC-33	Offeror agrees to transfer enrollment data, claim information and other administrative records to any TPA who replaces it, at no charge.	
CC-34	In the event of a mid-plan year change in vendors, Offeror agrees to transfer to the State, within 30 days of notice of termination, all required data and records necessary to administer the FSA plans subject to state and federal confidentiality considerations. The transfer may be made electronically, in a file format to be determined based on the mutual agreement between the State and the provider of services.	
CC-35	All claim records and eligibility data used by the Offeror in its role as administrator shall remain the property of the State.	
CC-36	Offeror agrees to prepare and file all legal documents necessary to implement and maintain the plan, including policies, amendments, contracts, required state filings, and development of booklet/certificate formats.	
CC-37	Offeror agrees to monitor federal and state legislation affecting the delivery of FSA benefits under the plan and to report to the State on those issues in a timely fashion prior to the effective date of any mandated FSA plan changes.	
CC-38	To the extent that debit cards are used in the administration of the FSA plans, Offeror agrees to administer the debit card program in accordance with Regulation E of the Federal Reserve System, as amended, including but not limited to the preparation and issuance of initial disclosure notices, notices regarding procedure for error resolution, notices on provisions for authorizing one-time transfers, and periodic account statements. If your response is 'No', please provide an explanation of why Regulation E does not apply.	
CC-39	Offeror will absorb the cost of programming any benefit design changes.	
CC-40	Member service operations must include an information system capable of electronically transmitting, receiving, and updating Participant profile information regarding demographics, coverage, and other information (e.g. eligibility, change of address, etc.).	
CC-41	All electronic file transfers between the Department of Budget and Management and the Offeror shall be exchanged using a point-to-point Virtual Private Network (VPN) connection approved by the State of Maryland, Department of Budget and Management, Office of Information Technology.	
CC-42	Offeror agrees to perform periodic federal government filings and amendments as required by law.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term. All "No" responses must be addressed in the explanation document (Attachment G-4).

## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response Yes or No
CC-43	Offeror agrees to perform necessary testing to determine if the HCFSA plan complies with the non-discrimination requirements of the federal law governing such plans. If the Offeror deems it necessary to avoid discrimination in favor of or the possible taxation to highly-compensated employees, the Offeror shall notify the State immediately and recommend the appropriate course of action, including but not limited to limiting the benefits of highly-compensated employees to ensure compliance with the discrimination tests of applicable federal law.	
CC-44	Offeror agrees to perform necessary testing to determine if the DCFSA plan complies with the non-discrimination requirements of the federal law governing such plans. If the Offeror deems it necessary to avoid discrimination in favor of or the possible taxation to highly-compensated Employees, the Offeror shall notify the State immediately and recommend the appropriate course of action, including but not limited to limiting the benefits of highly-compensated Employees to ensure compliance with the discrimination tests set forth in Code Section 129 and compliance with Section 125.	
<b>Claim Processing</b>		
CC-45	Offeror agrees to ensure timely, accurate and prompt processing of claims as well as paper and/or electronic payment of reimbursements.	
CC-46	Offeror agrees to assign claims administrators and supervisors to this account.	
CC-47	Offeror has procedures in place for recovery of payment errors identified by, but not limited to vendor audits, State Contractor audits, or eligibility audits. Offeror also agrees to recover these payments and refund to the State of Maryland if applicable, regardless of recipient or timing.	
CC-48	Offeror agrees to have a process for resolving complaints in place and operable on the date of contract commencement. The State expects that an expeditious, written resolution will normally be mailed within 10 workdays of receipt of the complaint.	
CC-49	Offeror will obtain the advice and consultation of qualified experts (internal or external, as needed) to review unusual charges or claims at no additional cost to the State.	
CC-50	Offeror agrees to administer all run out claims upon the expiration of the term of the agreement following contract termination.	
<b>Reporting</b>		
CC-51	Offeror agrees to deliver the required management information reporting in a format specified by the State that provides utilization, claims reporting, and administrative services data by subgroup to the State of Maryland.	
	<b>Monthly Reports include:</b>	
CC-52	A monthly report showing processed reimbursements, number of enrolled Participants, account balances, and deduction totals for the following groups: State Actives, Direct Pay, Satellites.	
	<b>Quarterly Reports include:</b>	
CC-53	Offeror must self-report on each of the Performance Guarantee measurements as defined in Quarterly Plan Performance Measurement Report Card to the State on a calendar quarter basis, in the format requested. See Performance Standard #4, in "Attachment G-12: Performance Guarantees".	
CC-54	Offeror will provide quarterly benefit statements to FSA plan Participants	
	<b>Annual Reports include:</b>	
CC-55	Annual settlement report, as required by Performance Standard #5 in "Attachment G-12".	
	<b>Other reporting requirements include:</b>	
CC-56	Offeror agrees to prepare monthly deposit and claims reports for the State of Maryland, Employee Benefits Division, and quarterly statements for each participant.	
CC-57	Offeror agrees to report forfeitures under the plan.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term. All "No" responses must be addressed in the explanation document (Attachment G-4).

## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response Yes or No
CC-58	Offeror will provide Ad Hoc reporting flexibility to accommodate 2-5 requests annually, at no additional charge.	
<b>Implementation Schedule</b>		
CC-59	Offeror agrees to comply with the implementation schedule of RFP Section 3.3.	
CC-60	Load, audit and ensure clean eligibility data at least 5 days prior to July 1, 2005 and the beginning of each plan year thereafter.	
<b>Payment Specifications</b>		
	Offerors will conform to the State's payment procedures outlined below.	
	Reimbursements:	
CC-61	Offeror will invoice processed reimbursements on a weekly basis, with claims broken out by Health Care and Dependent Care. Invoices will be sent to the State by 4:00 p.m. Local Time each Monday (or next State business day if Monday is a holiday) for claims processed the prior week.	
CC-62	Offeror agrees to accept payment for reimbursement of claims via wire transfer on the next business day following receipt of invoice.	
	Administrative:	
CC-63	The offeror must maintain a banking account out of which reimbursements are paid. The offeror will provide, upon request, to the State the following for the bank account: a. Copy of Bank Statements; b. The right for the State to ask for balances of this account directly from the bank; c. The right to review all records pertaining to this account; and d. The right to conduct an audit of the account.	
CC-64	Offeror agrees to accept payment for administrative fees processed through normal State transmittal process (i.e., transmittal sent to Annapolis, EFT transfer to Offeror per RFP Section 1.30. Payment is usually made by the 27th of each month.)	
CC-65	Offeror agrees that the only compensation to be received by or on behalf of its organization in connection with this Plan shall be that which is paid directly by the State.	
CC-66	Offeror agrees to confirm bank transfers as they occur.	
<b>Account Management/Customer Services</b>		
CC-67	The State of Maryland reserves the right to accept or decline the Offeror's designated account manager for any reason at any time.	
CC-68	Offeror will provide a dedicated (but not exclusive) account management team for the State.	
CC-69	Offeror will provide a dedicated (but not exclusive) claim processing unit for the State.	
CC-70	Offeror will provide a dedicated toll free customer service number for State Participants at no additional charge.	
CC-71	Offeror agrees to review two drafts each year of the plan description as requested by the State contained in the State's Open Enrollment booklet, at no extra cost.	
CC-72	Offeror agrees to meet or exceed established performance standards as described in Excel file tab, "Performance Guarantees" G-12.	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term. All "No" responses must be addressed in the explanation document (Attachment G-4).

## Attachment G-6: Compliance Checklist

Compliance Checklist		Offeror's Response
		Yes or No

Witness:

Signature and Date

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-1	Describe how eligibility is verified and the time frame for establishing eligibility. How does your system enroll newly eligible employees on a regular basis throughout the plan year and properly update and reconcile the system? Does your system maintain covered dependent and beneficiary information?	
Q-2	How does your system accommodate changes to an employee's election during the plan year due to status changes and changes in eligibility? Confirm the ability of your system to timely process all enrollment changes (add-ons and deletions). Does your system offer on-line, real-time update capabilities? What facilities are provided by the system to identify such coverage changes? Are there any specific requirements that your system cannot accommodate?	
Q-3	How soon before the date on which a change is effective (e.g., new enrollee, new dependent, etc.) would you require receipt of notification of such change in order to make the benefit effective on the first date of eligibility? Can you agree to emergency requests to add a new employee or new dependent immediately?	
Q-4	Describe your method for ensuring that benefit terminations are adequately and timely handled. How does the system track deferred termination dates?	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

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## Attachment G-7: Questionnaire

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Questionnaire		Vendor's Response
Q-5	What safeguards exist against an ineligible plan member attempting to gain reimbursement under the program?	
Q-6	How is your staff trained in customer service?	
Q-7	Are calls monitored for quality control? If yes, how are they monitored and how often?	
Q-8	What actions are taken if customer service complaints are received? Include in your answer a description of how these are reported to the State.	
Q-9	Do you monitor complaints and conduct follow-up/member satisfaction surveys? If so, report the frequency of surveys and describe your methodology.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

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Questionnaire		Vendor's Response
Q-10	How are your claims processors evaluated? Identify the relative importance of quantity versus quality. Is compensation tied to performance standards?	
Q-11	How do you detect fraud? What actions do you take if an employee is suspected of submitting a fraudulent claim? How do you identify and handle mistaken reimbursements?	
Q-12	What participant reporting and distribution facilities are provided for forfeitures when a plan year is closed out?	
Q-13	What claim documentation will you require from an employee in order to pay the claim?	
Q-14	How will you enforce the requirements for filing claims for services? How do you verify eligible expenses?	



# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-15	Describe the general operation and capabilities of your flexible spending account administrative system. Address paper and electronic claim submission, providing balance information, the forms of payment, minimum reimbursement amounts and automated system requirements.	
Q-16	Describe your capabilities for: electronic submissions and processing. Discuss debit cards and other online functionality.	
Q-17	How are claims and service disputes processed? Describe your claims appeal process and provide sample communications to participants.	
Q-18	How do you address reimbursements for services over an extended period, e.g. orthodontia?	
Q-19	Do you have on-going in-house audit programs for claims processing accuracy? If so, provide the results of your most recent audit.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

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Questionnaire		Vendor's Response
Q-20	Is your claims processing operation audited by an outside firm? If so, provide the results of your most recent audit.	
Q-21	How long are records maintained within your automated system?	
Q-22	How many accounts can your system maintain for each employee? Can your system administer multiple plan years concurrently and allow dual records during the first months of a new plan year?	
Q-23	Does the system provide a transaction history, and perform nondiscrimination testing? Provide a sample report of test results.	
Q-24	How does your system check for duplicate expenses and verify plan maximums?	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-25	Describe your backup sytem for disaster recovery of data files. What security measures are used to guard against unauthorized access to your system?	
Q-26	Describe any government action/litigation taken, or pending, against your company or any subsidiaries or affiliates of your company.	
Q-27	Explain your organization's ownership structure, listing all separate legal entities. Describe all major shareholders/owners (10% or greater) and list their percentage of total ownership.	
Q-28	a. Describe how long the current ownership structure has been in place. Is your firm anticipating expansion or reorganization in the near future?	
	b. Note any changes in ownership structure anticipated to occur within the next two years.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
	c. Note any changes in ownership structure that have occurred within the last two years.	
	d. List any ownership interest your company has in any business that provides a service or product related to flexible spending accounts. Describe the relationship.	
Q-29	Describe the primary method that plan participants (in-state, out-of-state, and out-of-country) will use to obtain reimbursement benefits. If this involves utilizing an automated telephone system, describe the proposed system's capabilities for receiving incoming phone calls. Include information about the location of the system, the number of toll free lines available (local and long distance), the availability of a TTY system (or other means) for the hearing impaired, monitoring and reporting capabilities, and messages provided to callers. Note any special features.	
Q-30	Describe in detail the entire process (including timeframes) that follows a request for reimbursement from a plan participant. Describe any service delivery requirements (excluding obtaining the necessary forms). Note any differences in processing time for in-state vs. out-of-state vs. out-of-country requests.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-31	If the name/address information provided by members differs from the membership information provided by the State, how will participants be able to obtain reimbursement? Describe how you will process "change of name/address" actions for plan participants.	
Q-32	How do you handle DCFSA claim requests that exceed the member's account balance? How does the system maintain year-to-date and current period contributions?	
Q-33	How do you handle HCFSA claim requests that exceed the member's account balance? How does the system maintain year-to-date and current period contributions?	
Q-34	How does the system handle requests for eligible expenses incurred in the prior year? Include runout protocol.	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-35	Describe the way in which the banking arrangement works. Include explanations of the nature of the account from which claims are paid [e.g., in whose name it appears; where it will be; the timing of the call for funds (as checks are issued, as they are cashed); any deposit amount required in the account; its term (weekly, monthly); how it is determined and any interest earned on the deposit or on amounts held in the account until checks are cashed.	
Q-36	Explain how excess deposits and checks outstanding are handled during the term of the plan and when deposits are returned upon plan termination.	
Q-37	How will you address the concerns raised by the plan year being a Fiscal Year versus a Calendar Year? Specifically address dependent care fiscal year plans - how many clients do you currently have on a FY plan and what issues do they encounter?	
Q-38	What other services can be provided?	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-7: Questionnaire

If your response for a question is larger than 1,024 characters, please complete your response in "Attachment G-4: Explanation" using the directions provided in Attachment G-4.

Questionnaire		Vendor's Response
Q-39	What information is needed to do non-discrimination testing for the State's entire cafeteria plan?	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name:

Authorized Representative:

Signature and Date

Witness:

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-8: Subcontractor Questionnaire

Provide answers to the following questions for each subcontractor that the offeror proposes to have perform any of the required functions under this contract. Clearly identify if a proposed subcontractor is a minority business enterprise certified by the State, if responding for an MBE subcontractor.

Subcontractor's Name and MDOT Number (if applicable)

Questionnaire		Vendor's Response
SQ-1	What services will the subcontractor be providing for you in fulfilling this contract? How will you ensure subcontractor services meet the requirements of the contract?	
SQ-2	Provide a brief summary of the history of the subcontractor's company and information about the growth of the organization on a national level and within the State of Maryland. Provide the following information about the subcontractor's company:  A. Organization's legal name B. State of incorporation C. Date of incorporation D. Insurance certification from the Maryland Insurance Administration	
SQ-3	Describe any significant government action or litigation taken or pending against the subcontractor's company or any entities of the subcontractor's company during the most recent five (5) years.	
SQ-4	Does the subcontractor have contractual relationships with third party administrators/organizations in which the subcontractor pays service fees or other fees that you (the Offeror) are directly or indirectly charged for? If so, identify the outside organizations that receive these service fees and explain the nature of the relationship.	
SQ-5	List three (3) of the subcontractor's largest current clients. For each client provide:  a. Client name and address. b. Name, title and telephone number of a person we may contact. c. Number of employees/retirees covered and total employees/retirees of the client.	



# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-8: Subcontractor Questionnaire

Provide answers to the following questions for each subcontractor that the offeror proposes to have perform any of the required functions under this contract. Clearly identify if a proposed subcontractor is a minority business enterprise certified by the State, if responding for an MBE subcontractor.

Subcontractor's Name and MDOT Number (if applicable)

Questionnaire		Vendor's Response
SQ-6	List three (3) of the subcontractor's largest current clients located in Maryland. For each Maryland client provide:  a. Client name and address. b. Name, title and telephone number of a person we may contact. c. Number of employees/retirees covered and total employees/retirees of the client.	
SQ-7	List three (3) former clients that have terminated their contracts with the subcontractor's organization within the last 24 months. For each terminated client provide:  a. Former client name and address. b. Name, title and telephone number of a person we may contact. c. Number of employees/retirees covered and total employees/retirees of the client. d. The reason(s) for terminating the contract.	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name:

Authorized Representative:

Witness:

Signature and Date

## Attachment G-9: Implementation Plan

[illegible]

## Attachment G-10: Account Management Plan

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## Attachment G-11: Maryland Benefits

- a. the amount or percentage of contract dollars (but not both) to be recycled into Maryland's economy in support of the contract through the use of Maryland subcontractors, Maryland suppliers, MBE's, and Maryland joint venture partners. Be as specific as possible. Provide a breakdown of expenditures in this category.
- b. the number and types of jobs for Maryland residents resulting from this contract. Indicate job classifications, number of employees in each classification, and the aggregate payroll to which you commit at both prime and, if applicable, subcontract levels.
- c. tax revenues to be generated for Maryland and its political subdivisions as a result of this contract. Indicate tax category (sales tax, payroll tax, inventory tax, and estimated personal income tax for new employees). Provide a forecast of the total tax revenues resulting from this contract.
- d. other benefits to the Maryland economy which you promise will result from the award of this contract. Please describe the benefit, its value to the Maryland economy, and how it will result from the award.

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## Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment G-12: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<p><i>It is critical to the success of the State's programs that services be maintained in accordance with the schedules agreed upon by the State. It is also critical to the success of the State's programs that the Contractor operates in an extremely reliable manner. It would be impracticable and extremely difficult to fix the actual damage sustained by the State in the event of delays or failures in claims administration, service, reporting, and attendance of Contractor personnel on scheduled work and provision of services to the citizens of the State. The State and the Contractor, therefore, presume that in the event of any such delay, the amount of damage which will be sustained from a delay will be the amount set forth below, and the Contractor agrees that in the event of any such failure of performance, the Contractor shall pay such amount as liquidated damages and not as a penalty. The State, at its option for amount due the State as liquidated damages, may deduct such from any money payable to the Contractor or may bill the Contractor as a separate item.</i></p>					
PG-1	<p>Telephone Call Availability (if system unable to measure A, provide B or C):</p> <p>Measurements must be State-specific or for only the service center handling the State account.</p>	<p>A) 90% of telephone calls are answered <b>by a live service representative (with knowledge of State of Maryland account)</b> within 60 seconds. The representative must be able to address the member's issue/question.</p>	<p>Quarterly Plan Performance Measurement Report Card (Report Card to be submitted by the Offeror)</p>	<p>A) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	
		<p>B) % of calls answered <b>by a service representative (with knowledge of State of Maryland account)</b> in 60 seconds. The representative must be able to address the member's issue/question.</p>		<p>B) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	
		<p>C) Abandonment rate of less than 5%</p>		<p>C) If performance is less than the standards: 0.5% of administrative fees per effective quarter</p>	

## Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

### Attachment G-12: Performance Guarantees

Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.

Performance results will also be audited annually by the State's contract auditor.

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
<b>PROCESSING</b>					
PG-2	Processing of Enrollment Eligibility Update Information	Plan will process tape or electronic interchange of State enrollment information <b>by 5:00 PM of the second business day after receipt.</b> If tape is received after 12 noon, record as having been received as of the next business day.	Report Card - Vendor to maintain log for review by the State's contract auditor.	If performance is less than the standards: 0.5% of administrative fees per effective quarter ( <b>Please Note: 5:01 p.m. is considered late</b> )	
		*Problems w/ enrollment tapes / electronic interchange files / paper that result in a delay of processing, require an explanation.*			
PG-3	Vendor attendance at State plan management meetings and State-sponsored open enrollment meetings.	Attendance by plan representatives trained on State of Maryland plan benefits at 100% of meetings scheduled by the State, for 100% of the meeting's duration.	Sign-in sheets at meetings or minutes of State meetings	If performance is less than the standards: 1% of annual administrative fees	

# Request for Flexible Spending Account Administration Proposal (RFP) for The State of Maryland

Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

## Attachment G-12: Performance Guarantees

**Offeror will report results on all performance measurements quarterly per the requirements of the Report Card.**

**Performance results will also be audited annually by the State's contract auditor.**

	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-4	Delivery of Quarterly Plan Performance Measurement Report Card to the State	Delivery to the State by 6:00 pm on the following dates:  Nov. 1 - First Quarter (July Sept.) Feb. 1 - Second Quarter (Oct. - Dec.) May 1 - Third Quarter (Jan. March) Aug. 1 - Fourth Quarter (April - June) * If due date falls on a state / vendor holiday or a weekend, Report Card due next business day.	Date-stamp of receipt by the State	If performance is less than the standards: 0.25% of administrative fees per effective quarter	
PG-5	Delivery of Annual Settlement, Utilization and Forfeiture Report	Delivery of required annual settlement report by 6:00 pm on the first day of December for the plan year ending the previous June 30.	Documentation of receipt by the State's Benefit Consultant, i.e., date-stamp of mailing package for data information and verification of completeness. (All required fields must be filled in correctly.)	If performance is less than the standards: 1% of annual administrative fees	

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Representations made by the Offeror in this proposal must be maintained for the duration of the contract term.

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	Performance Indicator	Standard/Goal	Reporting Measurement (subject to audit by State and/or contract auditors)	Liquidated Damages (Determination of results and any applicable damages will be conducted by the State's contract auditor.)	Willing to Comply
PG-6	Claims Standards: <u>Financial Accuracy</u> The ratio of reimbursements paid accurately to all reimbursements. This is determined by calculating the extrapolated weighted average dollar error in the sample and applying this to the population of processed claims.	99% of claim dollars processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	97%-98.99% accuracy: 1% of annual administrative fees; Less than 97%: 2% of annual administrative fees	
PG-7	Claims Standards: <u>Payment Accuracy</u> The ratio of the total number of reimbursements without either payment or processing errors to all reimbursements processed during the audit time period. This is determined by calculating the extrapolated weighted average number of reimbursements without payment or processing errors in the sample and applying this to the entire population of reimbursements.	95% of claims w/ benefit payments are processed accurately	Measured by the State's independent auditor as part of the annual claims audit. Criteria as defined by the State's independent auditor. Measured to two (2) decimal places.	Less than 95%: 2% of annual administrative fees	

By signing below the Offeror commits to being able to comply with all the requirements so indicated above, and further, agrees to maintain them for the entire contract term.

Offeror Name: \_\_\_\_\_

Authorized Representative: \_\_\_\_\_

Signature and Date

Witness: \_\_\_\_\_

Signature and Date